

Proposed amendment to the draft Multistate Tax Commission Model Uniform Statute on Reportable Transactions and Inconsistent Filing Positions as passed by the Uniformity Committee June 14, 2005, to be reviewed and conformed by MTC staff to make it consistent with other sections of the draft model statute

## **V.<sup>1</sup> Individual and Entity Responsibility for Reporting Nexus Information.**

### **1. Nexus Information.**

#### **A. Reporting Required.**

i. Subject to Section V.1.A.ii., an individual or entity that regularly and systematically solicits business in this State and does not report [state income tax] shall, in the manner and form that the Department prescribes, report:

- (a) any income and receipts attributable to the State;
- (b) how business is solicited in the State;
- (c) how services or products are delivered in the State;
- (d) any personnel, property, or sales within the State; and
- (e) other information that the Department determines is reasonably necessary to determine the extent of [State] contacts or the State's tax jurisdiction.

ii. The Department may exempt small businesses from the reporting requirements in Section V.1.A.i. and shall exempt any business with less than [\$500,000] in gross sales made during the tax year within the State.

### **2. Penalties Related to Failure to Provide Nexus Information.**

#### **A. Imposition and Amount.**

i. An individual or entity that fails to provide the information required by section V.1.A. shall pay, in addition to any other penalty:

- (a) [\$10,000] if an individual; and
- (b) [\$50,000] in all other cases.

(ii) An individual or entity that fails to provide the information required by this section to the Department within 20 days after the date of the Department's written request shall pay, in addition to any other penalty, [\$20,000].

### **3. Effective Date.** The provisions of this Section V. shall apply after [Date].

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<sup>1</sup> Inserting a nexus reporting section as Section "V" would place it after the other "responsibility for reporting" sections and before the tax shelter section.